The following discussion of our financial condition and results of operations should be read together with "Prospectus Summary—Summary Consolidated Financial Data," "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. You should read "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We are a multi-state cannabis operator currently operating under licenses in four states. Headquartered in Quincy, Florida, we are focused on being the brand leader for quality medical and recreational cannabis products and service in all markets we serve. As of March 31, 2020, we employed approximately 3,000 people and we are committed to providing patients, which we refer to herein as "patients" or "customers," a consistent and welcoming retail experience across Trulieve branded stores. We have five material subsidiaries: Trulieve, Inc., or Trulieve US, Leef Industries, LLC, or Leef Industries, Life Essence, Inc., or Life Essence, Trulieve Holdings, Inc., or Trulieve Holdings, and Trulieve Bristol, Inc. (formerly The Healing Corner, Inc. and referred to herein as "Healing Corner"). Each of Trulieve US, Leef Industries, Life Essence, Trulieve Holdings and Healing Corner is wholly owned (directly or indirectly) by Trulieve Cannabis Corp.

Florida

Trulieve US is a vertically integrated "seed to sale" cannabis company and is the first and largest licensed medical marijuana company in the State of Florida. Trulieve US cultivates and produces all of its products in-house and distributes those products to Trulieve branded stores (dispensaries) throughout the State of Florida, as well as directly to patients via home delivery. Our experience in the vertically integrated Florida market has given us the ability to scale and penetrate in all necessary business segments (cultivation, production, sales, and distribution). We believe that we have the experience necessary to secure and maintain the position of market leader in Florida and to carry that expertise effectively into other regulated market opportunities.

As of March 31, 2020, Trulieve US operated over 1,780,408 square feet of cultivation facilities across five sites. In accordance with Florida law, Trulieve US grows all of its cannabis in secure enclosed indoor facilities and greenhouse structures.

Trulieve US operates good manufacturing practices, or GMP, certified processing facility, encompassing an estimated 55,000 square feet. In furtherance of our patient-first focus, we have developed a suite of Trulieve branded products with over 350 stock keeping units, or SKUs, including smokable flower, edibles, vaporizer cartridges, concentrates, topicals, capsules, tinctures, dissolvable powders, and nasal sprays. This wide variety of products gives patients the ability to select the product that provides them with the most desired effect and delivery mechanism. Trulieve US distributes its products to patients in Trulieve-branded retail stores and by home delivery. As of March 31, 2020, Trulieve US operated 47 stores, encompassing 134,871 square feet of retail space, throughout the State of Florida.

Massachusetts

Life Essence is currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, as well as a cultivation and product manufacturing facility in Massachusetts. Life Essence has been awarded Provisional Certificates of Registration from the Massachusetts Department of Public Health (now under authority of Cannabis Control Commission) to operate medical marijuana dispensaries in the cities of Cambridge, Holyoke, and Northampton, as well as a medical marijuana cultivation and processing facility in Holyoke.

Subject to receipt of Final Certificates of Registration and local permitting, these licenses will allow Life Essence to build out its infrastructure and engage in medical cannabis cultivation, processing and retailing in Massachusetts. Life Essence also has provisional adult-use licenses and has entered Host Community Agreements with the City of Holyoke and Northampton that, subject to other state and local approvals, authorize Life Essence to cultivate and process adult-use cannabis in Holyoke and conduct adult-use sales in the City of Northampton.

California

Leef Industries operates a licensed medical and adult-use cannabis dispensary located in Palm Springs, California. We believe that Leef Industries has demonstrated encouraging growth in the market, offering in-store and online shopping, along with product home delivery. Trulieve acquired an 80% interest in Leef Industries in Q4 2018. During Q2 2019, Trulieve acquired an additional 19% interest in Leef Industries. The Company is proposing to acquire the balance of the issued and outstanding membership interests in Q2 2020, upon receipt of final regulatory approval from the State of California.

Connecticut

Healing Corner is a licensed medical cannabis dispensary located in Bristol, Connecticut. Healing Corner was founded in 2014 and provides a range of medical marijuana products. Patients may also reserve their medical marijuana order through Healing Corner's Canna-Fill online system. Healing Corner scored the highest of all applicants on the first Request for Application for licensing and, as of March 31, 2020, serves approximately 13% of Connecticut's medical marijuana patient population.

Management's Use of Non-GAAP Measures

Our management uses financial measures that are not in accordance with generally accepted accounting principles in the United States, or GAAP, in addition to financial measures in accordance with GAAP to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with GAAP. Adjusted EBITDA is a financial measure that is not defined under GAAP. Our management uses this non-GAAP financial measure and believes it enhances an investor's understanding of our financial and operating performance from period to period because it excludes certain material non-cash items and certain other adjustments management believes are not reflective of our ongoing operations and performance. Adjusted EBITDA excludes from net income as reported interest, share-based compensation, tax, depreciation, acquisition and transaction costs, fair value step-up of inventory from acquisitions, non-cash expenses and other income. Trulieve reports adjusted EBITDA to help investors assess the operating performance of the Corporation's business. The financial measures noted above are metrics that have been adjusted from the GAAP net income measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the GAAP net income measure.

As noted above, our Adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which is the most directly comparable financial measure calculated and presented in accordance with GAAP. Because of these limitations, we consider, and you should consider, Adjusted EBITDA together with other operating and financial performance measures presented in accordance with GAAP. A reconciliation of Adjusted EBITDA from net income, the most directly comparable financial measure calculated in accordance with GAAP, has been included herein.

Balance Sheet Exposure

At March 31, 2020, 100% of our balance sheet is exposed to U.S. cannabis-related activities. We believe our operations are in material compliance with all applicable state and local laws, regulations, and licensing requirements in the states in which we operate. However, cannabis remains illegal under U.S. federal law. Substantially all our revenue is derived from U.S. cannabis operations. For information about risks related to U.S. cannabis operations, please refer to “Risk Factors” in this prospectus.

Components of Results of Operations

Revenue

We derive our revenue from cannabis products which we manufacture, sell, and distribute to our customers by home delivery and in our dispensaries.

Gross Profit

Gross profit includes the costs directly attributable to product sales and includes amounts paid to produce finished goods, such as flower, and concentrates, as well as packaging and other supplies, fees for services and processing, allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in margins over comparative periods as the regulatory environment changes.

Sales and Marketing

Sales and marketing expenses consist of marketing expenses related to marketing programs for our products. Personnel related costs related to additional dispensaries are the primary costs of sales and marketing. As we continue to expand and open additional dispensaries, we expect our sales and marketing expenses to continue to increase.

General and Administrative

General and administrative expenses represent costs incurred at our corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, and other professional service costs, including legal and accounting. We expect to continue to invest considerably in this area to support our expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to continue to incur acquisition and transaction costs related to our expansion plans, and we anticipate a significant increase in compensation expenses related to recruiting and hiring talent, accounting, and legal and professional fees associated with becoming compliant with the Sarbanes-Oxley Act and other public company corporate expenses.

Depreciation and Amortization

Depreciation expense is calculated on a straight-line basis using the estimated useful life of each asset. Estimated useful life is determined by asset class and is reviewed on an annual basis and revised if necessary. Amortization expense is amortized using the straight-line method over the estimated useful life of the intangible assets. Useful lives for intangible assets are determined by type of asset with the initial determination of useful life determined during the valuation of the business combination. On an annual basis, the useful lives of each intangible class of assets are evaluated for appropriateness and adjusted if appropriate.

Other Income (Expense), Net

Interest and other income (expense), net consist primarily of interest income, interest expense, and the impact of the revaluation of the debt warrants.

Provision for Income Taxes

Provision for income taxes is calculated using the asset and liability method. Deferred income tax assets and liabilities are determined based on enacted tax rates and laws for the years in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As we operate in the cannabis industry, we are subject to the limits of IRC Section 280E under which we are only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

Results of Operations

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Revenues, Net of Discounts

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Revenues, Net of Discounts	$ 96,056,510	$ 44,475,964	$ 51,580,546	116%

Revenue for the three months ended March 31, 2020 was $96.1 million, an increase of $51.6 million, from $44.5 million for the three months ended March 31, 2019. Increase in revenue is the result of an increase in our organic growth in retail sales due to the increase in products available for purchase and overall patient count. In addition, due to the increase in the number of dispensaries from 27 in March of 2019 to 47 dispensaries as of March 31, 2020 which contributed to increased retail sales period over period.

Cost of Goods Sold

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Cost of Goods Sold	$ 22,226,386	$ 18,322,853	$ 3,903,533	21%
% of Total Revenues	23%	41%		

Cost of goods sold for the three months ended March 31, 2020 was $22.2 million, up $3.9 million or 21%, from $18.3 million for the three months ended March 31, 2019 primarily due to our increase in retail sales resulting from the increase in dispensaries in 2020 compared to 2019.

Gross Profit

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Gross Profit	$ 73,830,124	$ 26,153,111	$ 47,677,013	182%
% of Total Revenues	77%	59%		

Gross profit for the three months ended March 31, 2020 was $73.8 million, up $47.7 million or 182%, from $26.1 million for the three months ended March 31, 2019. This is primarily due to our increase in retail sales as a result of our additional dispensaries as of March 31, 2020 compared to March 31, 2019. Our gross profit as a percentage of revenue increased from 59% for the three months ended March 31, 2019 to 77% for the three months ended March 31, 2020 as result of continued market growth, higher sales volume and change to product mix as we introduced additional products.

Sales and Marketing Expenses

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Sales and Marketing Expenses	$ 22,865,516	$ 11,080,812	$ 11,784,704	106%
% of Total Revenues	24%	25%		

Sales and marketing expense increased for the three months ended March 31, 2020 to $22.9 million compared to the three months ended March 31, 2019 of $11.1 million, an increase of $11.7 million. The increase in sales and marketing expenses is the result of an increase in personnel related costs due to higher head count in the sales and marketing workforce as a result of additional dispensaries added after the three months ended March 31, 2019.

General and Administrative Expenses

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
General and Administrative Expenses	$ 6,258,701	$ 2,125,750	$ 4,132,951	194%
% of Total Revenues	7%	5%		

General and administrative expenses increased to $6.3 million for the three months ended March 31, 2020, an increase of $4.2 million compared to $2.1 million for the three months ended March 31, 2019. The increase in general administrative expenses is the result of an increase in infrastructure expenses to support business growth and potential expansion into additional markets.

Depreciation and Amortization Expenses

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Depreciation and Amortization Expenses	$ 2,193,911	$ 789,183	$ 1,404,728	178%
% of Total Revenues	2%	2%		

Depreciation and amortization expense for the three months ended March 31, 2020 was $2.2 million, from $0.8 million or the three months ended March 31, 2019, an increase of $1.4 million for the three months ended March 31, 2020. The increase in depreciation and amortization expenses was due to higher capitalized assets in the three months of 2020 compared to 2019 as a result of increased infrastructure to support the business growth, such as additional dispensaries and automation of cultivation sites. In addition, depreciation expense increased due to additional finance leases added since the three months ended March 31, 2019.

Total Other Income (Expense), Net

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Total Other Income (Expense), Net	$ (1,013,135)	$ (515,971)	$ (497,164)	96%
% of Total Revenues	(1%)	(1%)		

Total other income (expense), net for the three months ended March 31, 2020 was $1.0 million, an increase in other expense of $0.5 million, from $0.5 million for the three months ended March 31, 2019. The overall increase is the result of interest expense related to the June and November Notes and the additional finance leases added subsequent to March 31, 2019, offset by an adjustment to the fair value of our warrants.

Provision for Income Taxes

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Provision for Income Taxes	$ 17,893,934	$ 7,698,941	$ 10,194,993	132%
Effective Tax Rate	43%	66%		

Income tax expense increased $10.2 million from $7.7 million for the three months ended March 31, 2019, to $17.9 million for the three months ended March 31, 2020 as a result of the $47.7 million increase in gross profit for the same periods. Under IRC Section 280E, cannabis companies are only allowed to deduct expenses that are directly related to production of the products. Due to the significant increase in gross profit as a result of the increase in retail sales and the efficiencies gained in automation of production, income tax expense increased significantly.

Net Income and Comprehensive Income

	Three Months Ended March 31,		Change Increase / (Decrease)	
	2020	2019	$	%
Net Income and Comprehensive Income	$ 23,604,927	$ 3,942,454	$ 19,662,473	499%

Net income for the three months ended March 31, 2020 was $23.6 million, up $19.7 million, from $3.9 million for the three months ended March 31, 2019. The increase in net income was driven by $1.2 million of share-based compensation related to options, partially offset by our business expansion. Gross profit as a percentage of revenue increased period over period due to the increased efficiencies gained through our continued capital expenditures aimed at increasing automation and, as a result, improving crop yields and lowering product costs. These increases and improvements to net income were offset by the increase in expenses related to the increase in dispensaries such as payroll, insurance, depreciation, and interest expense costs. In addition, due to the implementation of the new accounting standard for leases, additional depreciation and interest expense was recorded period over period due to the additional leases completed for the dispensaries. Income taxes also increased significantly period over period due to the higher margins realized due to the increase in revenue and efficiencies in production mentioned earlier.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenues, Net of Discounts

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	**2018** *(As Restated)*	**$**	**%**
Revenues, Net of Discounts	$ 252,818,589	$ 102,816,632	$ 150,001,957	146%

Revenue for the year ended December 31, 2019 was $252.8 million, an increase of $150.0 million, from $102.8 million for the year ended December 31, 2018. Increase in revenue is the result of an increase in our organic growth in retail sales due to the increase in products available for purchase and overall patient count. In addition, we opened 20 additional dispensaries for the year ended December 31, 2019, which increased retail sales year over year.

Cost of Goods Sold

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	2018 (As Restated)	$	%
Cost of Goods Sold	$ 60,981,777	$ 22,385,356	$ 38,596,421	172%
% of Total Revenues	24%	22%		

Cost of goods sold for the year ended December 31, 2019 was $61.0 million, an increase of $38.6 million, from $22.4 million for the year ended December 31, 2018, due to increased retail sales as a result of our increase in dispensaries and patient count. Our cost of goods sold as a percentage of revenue increased from 22% for the year ended December 31, 2018 to 24% for the year ended December 31, 2019 due to the change in product mix as we introduced additional products during this period that had higher production costs.

Gross Profit

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	2018 (As Restated)	$	%
Gross Profit	$ 191,836,812	$ 80,431,276	$ 111,405,536	139%
% of Total Revenues	76%	78%		

Gross profit for the year ended December 31, 2019 was $191.8 million, an increase of $111.4 million, from $80.4 million for the year ended December 31, 2018. Gross profit as a percentage of revenue decreased from December 31, 2018 compared to December 31, 2019 from 78% to 76%, respectively. Our increase of $111.4 million period over period is the result of the increase in retail sales due to the increase in our number of dispensaries and patient count. Our decrease in gross profit percentage is the result of adding additional products with higher production costs during the same period.

Sales and Marketing Expenses

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	2018 (As Restated)	$	%
Sales and Marketing Expenses	$ 59,348,993	$ 25,050,227	$ 34,298,766	137%
% of Total Revenues	23%	24%		

Sales and marketing expense increased from $25.1 million for the year ended December 31, 2018, to $59.3 million for the year ended December 31, 2019, an increase of $34.3 million. The increase in sales and marketing is the result of higher head count for the year ended December 31, 2019 as compared to the year ended December 31, 2018 as we continued to build our sales team to maintain and further drive higher growth in sales and market share. The increased head count resulted in higher personnel costs, which is the driver for the increase in sales in marketing year over year.

General and Administrative Expenses

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	2018 (As Restated)	$	%
General and Administrative Expenses	$ 14,070,939	$ 19,155,759	$ (5,084,820)	(27%)
% of Total Revenues	6%	19%		

General and administrative expense for the year ended December 31, 2019 decreased to $14.1 million from

$19.2 million for the year ended December 31, 2018 a decrease of $5.1 million. The decrease in general and administrative expense is the result of recording in 2018 the remaining stock compensation of $15.0 million related to founders' warrants. This decrease in expense for the year ended December 31, 2019 is offset by an increase in infrastructure expenses to support our continued business growth.

Depreciation and Amortization Expenses

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	**2018** *(As Restated)*	**$**	**%**
Depreciation and Amortization Expenses	$ 5,078,996	$ 1,137,675	$ 3,941,321	346%
% of Total Revenues	2%	1%		

Depreciation and amortization expenses for the year ended December 31, 2019 was $5.1 million, up $3.9 million or 346%, from $1.1 million for the year ended December 31, 2018. The overall increase in depreciation and amortization expenses was due to investment in infrastructure that resulted in more capitalized assets from the additional dispensaries and cultivation space. Additionally, we implemented Accounting Standards Codification, or ASC, 842, *Leases* in 2019 and as a result there was additional amortization from finance leases.

Total Other Income (Expense), Net

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	**2018** *(As Restated)*	**$**	**%**
Total Other Income (Expense), Net	$ (9,657,683)	$ (2,043,893)	$ (7,613,790)	373%
% of Total Revenues	-4%	-2%		

Total other income (expense), net for the year ended December 31, 2019 was $(9.7) million, an increase of $(7.6) million or 373%, from $(2.0) million for the year ended December 31, 2018. The increase is the result of interest expense related to the June and November Notes and the addition of finance leases in accordance with the new lease accounting standard effective for the year ended December 31, 2019.

Provision for Income Taxes

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	**2018** *(As Restated)*	**$**	**%**
Provision for Income Taxes	$ 50,585,752	$ 22,151,218	$ 28,434,534	128%
Effective Tax Rate	49%	67%		

Income tax expense for the year-ended December 31, 2019 increased to $50.6 million from $22.2 million for the year ended December 31, 2018, an increase of $28.4 million as a result of a $111.4 million increase in gross profit for the same periods. Under IRC Section 280E, cannabis companies are only allowed to deduct expenses that are directly related to production of the products. The increase in income tax expense is due to the significant increase in gross profit as a result of the increase in retail sales partially offset by increase in production costs as a percentage of revenue due to the introduction of products with higher production costs.

Net Income and Comprehensive Income

	Year Ended December 31,		Change Increase / (Decrease)	
	2019	**2018** *(As Restated)*	**$**	**%**
Net Income and Comprehensive Income	$ 53,094,449	$ 10,892,504	$ 42,201,945	387%

Net income for the year ended December 31, 2019 was $53.1 million, an increase of $42.2 million or 387%, from $10.9 million for the year ended December 31, 2018. The increase in net income was driven by the increase in retail sales as a result of opening twenty additional dispensaries during the year ended December 31, 2019. Gross profit as a percentage of revenue decreased period over period due to the introduction of new products with higher production costs. This net increase to net income was offset by the net increase sales and marketing and general and administrative expenses related to the increase in personnel costs and increases in dispensary expenses such as insurance, depreciation and interest expense costs. In addition, due to the implementation of the new accounting standard for leases, additional depreciation and interest expense was recorded period over period due to the additional leases completed for the new dispensaries. Income taxes also increased significantly period over period due to the higher margins realized due to the increase in revenue and efficiencies in production offset by production mix.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have funded our operations and capital spending through cash flows from product sales, loans from affiliates and entities controlled by our affiliates, third-party debt, and proceeds from the sale of our capital stock. We are generating cash from sales and are deploying our capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term to support our business growth and expansion. Our current principal sources of liquidity are our cash and cash equivalents provided by our operations and debt and equity offerings. Cash and cash equivalents consist primarily of cash on deposit with banks and money market funds. Cash and cash equivalents were $100.8 million and $20.6 million as of March 31, 2020 and 2019, respectively. Cash and cash equivalents were $91.8 million and $24.4 million as of December 31, 2019 and 2018, respectively.

We believe our existing cash balances will be sufficient to meet our anticipated cash requirements from auditor's report issuance date through at least the next 12 months.

Our primary uses of cash are working capital requirements, capital expenditures and debt service payments. Additionally, from time to time, we may use capital for acquisitions and other investing and financing activities. Working capital is used principally for our personnel as well as costs related to the growth, manufacture, and production of our products. Our capital expenditures consist primarily of improvements in existing facilities and product development.

To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that additional funds will be obtained through the incurrence of indebtedness, additional equity financings or a combination of these potential sources of funds. There can be no assurance that we will be able to obtain additional funds on acceptable terms, on a timely basis, or at all. The failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the results of operations, and financial condition.

The following table presents our cash and outstanding debt as of the dates indicated:

		Three Months Ended March 31, 2020		Year Ended December 31, 2019
Cash and Cash Equivalents	$	100,811,956		91,812,821
Outstanding Debt:				
Notes Payable		6,000,000		6,000,000
Notes Payable - Related Party		12,494,018		12,902,974
Other Long-Term Liabilities		118,968,484		118,256,414
Warranty Liability		5,869,341		9,891,666
Operating Lease Liability		23,081,682		23,142,598
Finance Lease Liability		21,583,218		19,439,285
Construction Finance Liability	$	37,346,892	$	22,955,955

Cash Flows

The table below highlights our cash flows for the periods indicated.

	Three Months Ended March 31,	
	2020	2019
Net Cash Provided By Operating Activities	$ 23,920,086	$ 8,668,057
Net Cash Used In Investing Activities	(27,809,048)	(12,033,714)
Net Cash Provided By Financing Activities	12,888,097	(485,889)
Net Increase in Cash and Cash Equivalents	8,999,135	(3,851,546)
Cash and Cash Equivalents, Beginning of Period	91,812,821	24,430,109
Cash and Cash Equivalents, End of Period	$ 100,811,956	$ 20,578,563

	Year Ended December 30,	
	2020	2019
Net Cash Provided By Operating Activities	$ 19,072,834	$ 23,517,384
Net Cash Used In Investing Activities	(94,672,210)	(51,055,462)
Net Cash Provided By Financing Activities	142,982,088	50,561,129
Net Increase in Cash and Cash Equivalents	67,382,712	23,023,050
Cash and Cash Equivalents, Beginning of Period	24,430,109	1,407,059
Cash and Cash Equivalents, End of Period	$ 91,812,821	$ 24,430,109

Cash Flow from Operating Activities

Net cash provided by operating activities was $23.9 million for the three months ended March 31, 2020, an increase of $15.2 million, compared to $8.7 million net cash provided by operating activities during the three months ended March 31, 2019. This is primarily due to our business expansion and revenue growth.

Net cash provided by operating activities operating activities was $19.1 million for the year ended December 31, 2019, a decrease of $4.4 million, compared to $23.5 million net cash provided by operating activities during the year ended December 31, 2018. This is primarily due to the impact of changes in inventory and accounts payable and accrued liabilities related to our growth and expanded product mix, partially offset by our increase in net income as a result of the increase in dispensaries and organic growth as a result of increase in patient count.

Cash Flow from Investing Activities

Net cash used in investing activities was $27.8 million for the three months ended March 31, 2020, an increase of $15.8 million, compared to the $12.0 million net cash used in investing activities for the three months ended March 31, 2019. The increase is primarily due to the addition of dispensary locations and expansions of cultivation and processing facilities.

Net cash used in investing activities was $94.7 million for the year ended December 31, 2019, an increase of $43.6 million, compared to the $51.1 million net cash used in investing activities for the year ended December 31, 2018. The increase is due to the additional dispensaries and the construction and automation of our cultivation and processing facilities during the year-ended December 31, 2019. In addition, we acquired The Healing Corner during the year ended December 31, 2019.

Cash Flow from Financing Activities

Net cash provided by financing activities was $12.9 million for the three months ended March 31, 2020, an increase of $13.4 million, compared to the $0.5 million net cash provided by financing activities for the three months ended March 31, 2019. The increase was primarily related to payments on lease liabilities.

Net cash provided by financing activities was $143.0 million for the year ended December 31, 2019, an increase of $92.4 million, compared to the $50.6 million net cash provided by financing activities for the year ended December 31, 2018. The increase was primarily related to the $122.2 million net proceeds received from our recent debt issuance compared to the $46.0 million net proceeds raised with the subscription receipt offering in 2018. An additional increase as a result of the proceeds from the construction finance liability related to transactions for properties located in Massachusetts and Florida.

Funding Sources

Finance Liability "June Warrants" and "November Warrants"

On June 18, 2019, we completed an offering using our Canadian prospectus of 70,000 units (the "June Units"), comprised of an aggregate principal amount of US$70,000,000 of 9.75% senior secured notes maturing in 2024 (the "June Notes") and an aggregate amount of 1,470,000 subordinate voting share warrants (each individual warrant being a "June Warrant") at a price of US$980 per June Unit for gross proceeds of US$68,600,000. Each June Unit was comprised of one June Note issued in denominations of $1,000 and 21 June Warrants.

On November 7, 2019, we completed an offering using our Canadian prospectus of 60,000 units (the "November Units"), comprised of an aggregate principal amount of US$60,000,000 of 9.75% senior secured notes maturing in 2024 (the "November Notes") and an aggregate amount of 1,560,000 subordinate voting share warrants (each individual warrant being a "November Warrant") at a price of US$980 per November Unit for gross proceeds of US$61,059,000. Each November Unit was comprised of one November Note issued in denominations of $1,000 and 26 November Warrants.

Promissory Notes

In April 10, 2017, we entered into an unsecured promissory note with an 12% annual interest rate, which was amended in January 2019 to extend the maturity by three years to 2022, with a balance as of December 31, 2019 of $4,000,000. On December 17, 2017, we entered into a promissory note dated December 7, 2017, with a 12% annual interest rate and a balance as of December 31, 2019 of $2,000,000. Each promissory note is due in 2021.

Related Party Promissory Notes

In February 2019, we entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder of Trulieve for $257,337. In March 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for $158,900. In June 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with

Benjamin Atkins, a former director and shareholder for $262,010. In November 2018, the Company entered into two separate 24-month unsecured loans each with an 8% annual interest rate with a former director and shareholder for a total of $474,864.

In May 2018, the Company entered into two separate unsecured promissory notes (the "Traunch Four Note" and the "Rivers Note") for a total of $12,000,000. The Traunch Four Note is held by Traunch Four, LLC, an entity whose owners include Kim Rivers, the Chief Executive Officer and Chair of the Board, as well as Thad Beshears, Richard May and George Hackney, all directors of Trulieve. The Rivers Note is held by Kim Rivers. Each promissory note has a 24-month maturity and 12% annual interest rate. The two unsecured promissory notes were amended in December 2019 to extend the maturity one year to May 2021, all other terms remain unchanged.

Contractual Obligations

At March 31, 2020, we had the following contractual obligations to make future payments, representing contracts and other commitments that are known and committed:

	<1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 25,870,248	$ -	$ -	$ -	$ 25,870,248
Notes Payable	2,000,000	4,000,000	-	-	6,000,000
Notes Payable - Related Party	510,217	11,983,801	-	-	12,494,018
Other Long-Term Liabilities	-	-	130,000,000	-	130,000,000
Operating Lease Liability	3,273,214	8,234,876	7,450,724	12,121,496	31,080,310
Finance Lease Liability	3,600,847	8,793,276	7,059,070	12,350,822	31,804,015
Construction Finance Liability	$ -	$ -	$ 37,346,892	$ -	$ 37,346,892

At December 31, 2019, we had the following contractual obligations to make future payments, representing contracts and other commitments that are known and committed.

	<1 Year	1 to 3 Years	3 to 5 Years	>5 Years	Total
Accounts Payable and Accrued Liabilities	$ 24,307,930	$ -	$ -	$ -	$ 24,307,930
Notes Payable	-	6,000,000	-	-	6,000,000
Notes Payable - Related Party	923,728	11,979,246	-	-	12,902,974
Other Long-Term Liabilities	-	-	130,000,000	-	130,000,000
Operating Lease Liability	4,386,675	8,371,535	7,553,682	11,417,672	31,729,564
Finance Lease Liability	3,752,382	6,240,219	5,227,845	12,453,373	27,673,819
Construction Finance Liability	$ -	$ -	$ 22,955,955	$ -	$ 22,955,955

Critical Accounting Policies and Estimates

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, revisions to accounting estimates are recognized in the period in which the estimate is revised.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment and Intangible Assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Accounting for Acquisitions and Business Combinations

In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired, and consideration paid are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price, what we expect to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill may have been impaired, we perform a qualitative assessment to determine if it was more-likely-than-not that the reporting unit's carrying value is less than the fair value, indicating the potential for goodwill impairment. When applying this valuation technique, we rely on a number of factors, including historical results, business plans, forecasts, and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Share-based Payment Arrangements

We use the Black-Scholes pricing model to determine the fair value of warrants granted to employees and directors under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of future share price, risk free rates, and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Critical Accounting Policies

Inventory

Our inventories primarily consist of raw materials, internally-produced work in process, and finished goods and packaging materials. Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less then net realizable value. The costs include materials, labor and manufacturing overhead used in the growing and production processes. Pre-harvest costs are capitalized. Our inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Leases

ASC Topic 842 a standard that requires lessees to increase transparency and comparability among organization by requiring the recognition of Right of Use Assets "ROU" assets and lease liabilities on the balance sheet. The requirements of this standard include a significant increase in required disclosures to meet the objectives of enabling users of financial statement to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard was effective beginning January 1, 2019 and the standard was adopted using the modified retrospective transition approach, which allows us to recognize a cumulative effect adjustment to the opening balance of accumulated deficit in the period of adoption rather than restate comparative prior year periods.

Revenue Recognition

We recognize revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Through our application of the standard, we recognize revenue to depict the transfer of promised goods to our customers in an amount that reflects the consideration of which we expect to be entitled to in exchange for those goods. We contract with our customers for the sale of dried cannabis, cannabis oil and other cannabis related products that consist of multiple performance obligations. Revenue from the direct sale of cannabis to customers for a fixed price is recognized when we transfer control of the goods to the customer at the point of sale and the customer has paid for the goods.

Stock Based Compensation

We account for stock-based compensation expense in accordance with FASB ASC 718 Compensation – Stock Compensation, which requires the measurement and recognition of stock-based compensation expense based on estimated fair values, for all stock-based payment awards made to employees. We measure the stock-based payment awards based on its estimated fair value of the awards using the Black-Scholes option pricing model, and the fair value of the Company's common stock on the date of grant, for the warrants and options.

Off-Balance Sheet Arrangements

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of, including, and without limitation, such considerations as liquidity and capital resources.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Strategic and operational risks arise if we fail to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Currency Risk

Our operating results and financial position are reported in U.S. dollars. Some of our financial transactions are denominated in currencies other than the U.S. dollar. The results of operations are subject to currency transaction risks.

We have no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Credit Risk

We do not believe that we have credit risk, our revenue is generated exclusively through cash transactions. We deal entirely with on demand sales, and we do not enter into any wholesale agreements, therefore we do not have trade accounts receivable.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet its financial obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity to settle obligations and liabilities when due.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Interest-bearing loans and borrowings are all at fixed interest rates. Interest rate risks exists as a variable in the Black-Scholes calculation used for the valuation of the debt warrants. We consider interest rate risk to be immaterial.

Concentration Risk

Operations are substantially located in Florida. Should economic conditions deteriorate within that region, our results of operations and financial position would be negatively impacted.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. We have high volatility as we are a high growth company, and our stock is continually increasing. We believe we have low to moderate levels of risk related to our warranty liability which is affected by our stock price.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of Trulieve, its subsidiaries and investee companies, and leaves their cash holdings vulnerable. We have banking relationships in all jurisdictions in which it operates. In addition, there is counterparty risk if the banks are unable to meet their obligations putting our cash held at the institutions at risk.

Financial Instruments and Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. The board of directors of Trulieve mitigate these risks by assessing, monitoring, and approving the risk management processes.

Our financial instruments are carried at fair value and consist of money market fund and warrant liability. Our financial instruments where carrying value approximates the fair value include cash, accounts payable and accrued liabilities, notes payable, notes payable related party, operating lease liability, finance lease liability, other long-term liabilities, and construction finance liability. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1:	Observable inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices in active markets, that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Unobservable inputs for which there is little or no market data requiring the Company to develop its own assumptions.